

**PAO SOVCOMFLOT**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

**30 June 2017**

## PAO Sovcomflot

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## PAO Sovcomflot

**Condensed Consolidated Income Statement**  
**For the period ended 30 June 2017**  
**(unaudited)**

	Note	Six months ended (unaudited)		Three months ended (unaudited)	
		30/06/2017 \$'000	30/06/2016 \$'000	30/06/2017 \$'000	30/06/2016 \$'000
<b>Freight and hire revenue</b>		710,225	680,260	349,072	338,718
Voyage expenses and commissions		(179,450)	(103,894)	(92,711)	(53,159)
<b>Time charter equivalent revenues</b>	2	530,775	576,366	256,361	285,559
<b>Direct operating expenses</b>					
Vessels' running costs		182,624	149,812	96,021	75,531
Charter hire payments		13,631	6,353	8,124	4,177
		(196,255)	(156,165)	(104,145)	(79,708)
<b>Net earnings from vessels' trading</b>		334,520	420,201	152,216	205,851
Other operating revenues		9,375	9,062	4,929	4,866
Other operating expenses		(5,111)	(4,362)	(2,780)	(2,490)
Depreciation, amortisation and impairment		(177,391)	(148,432)	(89,520)	(74,307)
General and administrative expenses		(62,376)	(56,507)	(31,483)	(29,627)
Profit / (loss) on sale of assets		7,098	(429)	(69)	(95)
Allowance for credit losses		254	807	270	943
Share of profits in equity accounted investments		3,432	10,518	842	3,933
<b>Operating profit</b>		109,801	230,858	34,405	109,074
<b>Other (expenses) / income</b>					
Financing costs		(96,648)	(85,980)	(54,757)	(51,870)
Interest income		6,210	11,060	3,485	5,705
Other non-operating expenses	17	(1,679)	(3,746)	(602)	(2,210)
(Loss) / gain on ineffective hedging instruments	8	(87)	55	(306)	61
Foreign exchange gains		8,586	25,745	1,800	6,968
Foreign exchange losses		(8,021)	(8,065)	(6,445)	(1,478)
<b>Net other expenses</b>		(91,639)	(60,931)	(56,825)	(42,824)
<b>Profit / (loss) before income taxes</b>		18,162	169,927	(22,420)	66,250
Income tax expense	4	(2,975)	(3,935)	(2,310)	(3,364)
<b>Profit / (loss) for the period</b>		15,187	165,992	(24,730)	62,886
<b>Profit / (loss) attributable to:</b>					
Owners of the parent		14,283	159,122	(24,564)	60,319
Non-controlling interests		904	6,870	(166)	2,567
		15,187	165,992	(24,730)	62,886
<b>Earnings per share</b>					
Basic earnings per share for the period attributable to equity holders of the parent		\$0.007	\$0.081	(\$0.012)	\$0.031

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

## PAO Sovcomflot

**Condensed Consolidated Statement of Comprehensive Income**  
**For the period ended 30 June 2017**  
**(unaudited)**

	Note	Six months ended (unaudited)		Three months ended (unaudited)	
		30/06/2017 \$'000	30/06/2016 \$'000	30/06/2017 \$'000	30/06/2016 \$'000
<b>Profit / (loss) for the period</b>		15,187	165,992	(24,730)	62,886
<b>Other comprehensive income:</b>					
Share of associates' other comprehensive income		2	16	(8)	7
Share of joint ventures' other comprehensive income	7	3,192	(2,509)	913	1,598
Exchange gain / (loss) on translation from functional currency to presentation currency		1,064	(1,225)	(529)	(817)
Derivative financial instruments reclassified and debited to the income statement		10,034	14,846	5,027	5,392
Fair value movement of derivative financial instruments debited to other comprehensive income	8	(8,693)	(45,763)	(6,744)	(13,199)
<b>Other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods</b>		5,599	(34,635)	(1,341)	(7,019)
Remeasurement losses on employee benefit obligations		(232)	(277)	(163)	(140)
<b>Other comprehensive income, net of tax not to be reclassified to profit or loss in subsequent periods</b>		(232)	(277)	(163)	(140)
<b>Total other comprehensive income for the period, net of tax</b>		5,367	(34,912)	(1,504)	(7,159)
<b>Total comprehensive income for the period</b>		20,554	131,080	(26,234)	55,727
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		19,659	124,132	(26,061)	53,131
Non-controlling interests		895	6,948	(173)	2,596
		20,554	131,080	(26,234)	55,727

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

## PAO Sovcomflot

**Condensed Consolidated Statement of Financial Position – 30 June 2017**  
(unaudited)

	<b>Note</b>	<b>30/06/2017 (unaudited) \$'000</b>	<b>31/12/2016 \$'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fleet	5	6,362,475	5,895,365
Vessels under construction	6	67,003	225,814
Intangible assets		8,934	3,961
Other property, plant and equipment		48,663	58,746
Investment property		740	864
Investments in associates		119	131
Investments in joint ventures	7	121,173	114,761
Available-for-sale investments		760	760
Loans to joint ventures		48,355	45,574
Derivative financial instruments	8	18,948	7,146
Trade and other receivables	9	2,778	2,783
Deferred tax assets		9,315	4,663
Bank deposits	10	9,000	10,000
		<u>6,698,263</u>	<u>6,370,568</u>
<b>Current assets</b>			
Inventories		59,945	53,368
Loans to joint ventures		2,375	4,750
Derivative financial instruments	8	521	373
Trade and other receivables	9	177,031	173,022
Current tax receivable		8,356	4,089
Restricted cash		72,301	72,079
Cash and bank deposits	10	368,448	470,638
		<u>688,977</u>	<u>778,319</u>
Non-current assets held for sale	11	15,189	8,360
		<u>704,166</u>	<u>786,679</u>
<b>Total assets</b>		<u><u>7,402,429</u></u>	<u><u>7,157,247</u></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital		405,012	405,012
Reserves		2,961,612	3,048,858
<b>Equity attributable to owners of the parent</b>		<u>3,366,624</u>	<u>3,453,870</u>
<b>Non-controlling interests</b>		<u>151,282</u>	<u>150,446</u>
<b>Total equity</b>		<u><u>3,517,906</u></u>	<u><u>3,604,316</u></u>
<b>Non-current liabilities</b>			
Trade and other payables	13	24,256	37,504
Secured bank loans	14	2,312,683	1,903,365
Derivative financial instruments	8	20,741	21,624
Retirement benefit obligations		3,725	3,419
Other loans	15	903,631	737,076
Deferred tax liabilities		626	858
		<u>3,265,662</u>	<u>2,703,846</u>
<b>Current liabilities</b>			
Trade and other payables	13	261,718	214,784
Other loans	15	3,475	139,896
Secured bank loans	14	332,479	290,460
Finance lease liabilities		-	173,690
Current tax payable		2,660	14,809
Derivative financial instruments	8	18,529	15,446
		<u>618,861</u>	<u>849,085</u>
<b>Total liabilities</b>		<u><u>3,884,523</u></u>	<u><u>3,552,931</u></u>
<b>Total equity and liabilities</b>		<u><u>7,402,429</u></u>	<u><u>7,157,247</u></u>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

**PAO Sovcomflot**  
**Condensed Consolidated Statement of Changes in Equity**  
**For the period ended 30 June 2017**  
**(unaudited)**

	Share capital \$'000	Share premium \$'000	Reconstruction reserve \$'000	Hedging reserve \$'000	Currency reserve \$'000	Retained earnings \$'000	Attributable to owners of the parent \$'000	Non- controlling interests \$'000	Total \$'000
<b>At 1 January 2016</b>	<b>405,012</b>	<b>818,845</b>	<b>(834,490)</b>	<b>(68,270)</b>	<b>(44,542)</b>	<b>3,044,504</b>	<b>3,321,059</b>	<b>159,922</b>	<b>3,480,981</b>
Profit for the period	-	-	-	-	-	159,122	159,122	6,870	165,992
Other comprehensive income									
Share of associates' other comprehensive income	-	-	-	-	16	-	16	-	16
Share of joint ventures' other comprehensive income	-	-	-	(2,522)	13	-	(2,509)	-	(2,509)
Exchange (loss) / gain on translation from functional currency to presentation currency	-	-	-	-	(1,332)	-	(1,332)	107	(1,225)
Derivative financial instruments reclassified and debited to the income statement	-	-	-	14,846	-	-	14,846	-	14,846
Fair value movement of derivative financial instruments debited to other comprehensive income	-	-	-	(45,763)	-	-	(45,763)	-	(45,763)
Remeasurement losses on retirement benefit obligations	-	-	-	-	-	(248)	(248)	(29)	(277)
Total comprehensive income	-	-	-	(33,439)	(1,303)	158,874	124,132	6,948	131,080
Dividends (Note 12)	-	-	-	-	-	(92,948)	(92,948)	(2,581)	(95,529)
Effect of acquisition of non-controlling interests in PAO Novoship	-	-	-	-	(16)	503	487	(546)	(59)
<b>At 30 June 2016 (unaudited)</b>	<b>405,012</b>	<b>818,845</b>	<b>(834,490)</b>	<b>(101,709)</b>	<b>(45,861)</b>	<b>3,110,933</b>	<b>3,352,730</b>	<b>163,743</b>	<b>3,516,473</b>
<b>At 1 January 2017</b>	<b>405,012</b>	<b>818,845</b>	<b>(834,490)</b>	<b>(43,568)</b>	<b>(46,435)</b>	<b>3,154,506</b>	<b>3,453,870</b>	<b>150,446</b>	<b>3,604,316</b>
Profit for the period	-	-	-	-	-	14,283	14,283	904	15,187
Other comprehensive income									
Share of associates' other comprehensive income	-	-	-	-	2	-	2	-	2
Share of joint ventures' other comprehensive income	-	-	-	3,190	2	-	3,192	-	3,192
Exchange gain on translation from functional currency to presentation currency	-	-	-	-	1,049	-	1,049	15	1,064
Derivative financial instruments reclassified and debited to the income statement	-	-	-	10,034	-	-	10,034	-	10,034
Fair value movement of derivative financial instruments debited to other comprehensive income	-	-	-	(8,693)	-	-	(8,693)	-	(8,693)
Remeasurement losses on retirement benefit obligations	-	-	-	-	-	(208)	(208)	(24)	(232)
Total comprehensive income	-	-	-	4,531	1,053	14,075	19,659	895	20,554
Dividends (Note 12)	-	-	-	-	-	(106,905)	(106,905)	(59)	(106,964)
<b>At 30 June 2017 (unaudited)</b>	<b>405,012</b>	<b>818,845</b>	<b>(834,490)</b>	<b>(39,037)</b>	<b>(45,382)</b>	<b>3,061,676</b>	<b>3,366,624</b>	<b>151,282</b>	<b>3,517,906</b>

**Notes**

Hedging reserve: The hedging reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date including its joint arrangements and associates.  
Currency reserve: The currency reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries, joint arrangements and associates.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

## PAO Sovcomflot

**Condensed Consolidated Statement of Cash Flows**  
**For the period ended 30 June 2017**  
**(unaudited)**

	Note	Six months ended (unaudited)	
		30/06/2017 \$'000	30/06/2016 \$'000
<b>Operating Activities</b>			
Cash received from freight and hire of vessels		711,730	671,554
Other cash receipts		16,679	6,326
Cash payments for voyage and running costs		(362,706)	(261,353)
Other cash payments		(66,097)	(69,434)
Cash generated from operations		299,606	347,093
Interest received		5,755	4,919
Income tax paid		(24,351)	(6,569)
Net cash inflow from operating activities		<u>281,010</u>	<u>345,443</u>
<b>Investing Activities</b>			
Expenditure on fleet	5	(30,760)	(7,929)
Expenditure on vessels under construction		(432,609)	(50,752)
Interest capitalised		(2,530)	(14,000)
Expenditure on intangibles and other property, plant and equipment		(2,034)	(2,048)
Loan repayments from joint ventures		1,574	7,512
Loans issued to joint ventures		(1,530)	-
Proceeds from sale of vessels		-	28,172
Proceeds from sale of other property, plant and equipment		3,980	38
Capital element received on finance leases		-	2,318
Interest received on finance leases		-	6,082
Dividends received from equity accounted for investments		245	-
Bank term deposits	10	12,000	-
Restricted cash released		-	4,000
Net cash outflow used in investing activities		<u>(451,664)</u>	<u>(26,607)</u>
<b>Financing Activities</b>			
Proceeds from borrowings		755,826	889,531
Repayment of borrowings		(293,713)	(1,063,455)
Financing costs		(9,150)	(36,009)
Repayment of finance lease liabilities		(3,421)	(5,087)
Repurchase of vessels previously sold and leased back	18	(173,396)	-
Restricted deposits	10	-	846
Funds in retention bank accounts	10	(1,465)	3,966
Interest paid on borrowings		(81,453)	(63,940)
Interest paid on finance leases		(4,917)	(6,033)
Dividends paid		(113,603)	(3,674)
Acquisition of non-controlling interests		-	(59)
Net cash inflow from / (outflow used in) financing activities		<u>74,708</u>	<u>(283,914)</u>
<b>(Decrease) / increase in Cash and Cash Equivalents</b>		(95,946)	34,922
<b>Cash and Cash Equivalents at 1 January</b>	10	432,792	332,680
Net foreign exchange difference		3,291	9,005
<b>Cash and Cash Equivalents at 30 June</b>	10	<u><u>340,137</u></u>	<u><u>376,607</u></u>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

## PAO Sovcomflot

Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2017  
(unaudited)

## 1. Organisation, Basis of Preparation and Accounting Policies

PAO Sovcomflot ("Sovcomflot" or "the Company") is a public joint stock company organised under the laws of the Russian Federation and was initially registered in Russia on 18 December 1995, as the successor undertaking to AKP Sovcomflot, in which the Russian Federation holds 100% of the issued shares. The Company's registered office address is 3A, Moika River Embankment, Saint Petersburg 191186, Russian Federation and its head office is located at 6 Gasheka Street, Moscow 125047, Russian Federation.

The Company, through its subsidiaries (the "Group"), is engaged in ship owning and operating on a world-wide basis with a fleet of 136 vessels at the period end, comprising 115 tankers, 9 gas carriers, 8 ice breaking supply vessels, 2 bulk carriers and 2 chartered in seismic vessels. For major changes in the period in relation to the fleet see also Notes 5 and 6.

**Statement of Compliance**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standard (IFRS) - IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2016. Certain items of the 30 June 2016 condensed consolidated statement of cash flows have been reclassified to conform to the 31 December 2016 presentation. Operating results for the six-month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017.

**Significant Accounting Policies**

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The nature of each new standard or amendment is described below. Although these new standards and amendments apply for the first time in 2017, they do not have an impact on the condensed consolidated interim financial statements of the Group.

IAS 7 ("Statement of Cash flows") – "Amendments resulting from the disclosure initiative" The amendments aim at clarifying IAS 7 to improve information provided to users of financial statements about an entity's financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed consolidated interim financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

IAS 12 ("Income Taxes") – Recognition of Deferred Tax Assets for Unrealised Losses. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. The Group applied the amendments retrospectively. However the application has no effect on the Group's financial position and performance.

*Annual Improvements to IFRSs 2014–2016 Cycle*

The "December 2016 Annual Improvements to IFRSs" is a collection of amendments to IFRSs in response to two standards. Amendments to IFRS 12 "Disclosures of Interests in Other Entities" – "Clarifying scope" are effective from 1 January 2017. The amendments clarify the disclosure requirements in IFRS 12 in respect of an entity's interest in a subsidiary, joint venture or an associate that is classified as held for sale. The amendment has no impact on the condensed consolidated interim financial statements as the Group has no such entity as classified for sale.

**Seasonality of Operations**

Although some of the Group's operations may sometimes be affected by seasonal variations in demand and, therefore, in charter rates, management does not feel this has a material effect on the performance of the Group when comparing the interim results to those achieved in the second half of the previous year.

**Changes in Estimates**

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions and conditions. All critical accounting judgements and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

## 2. Time Charter Equivalent Revenues

	<b>30/06/2017</b>	<b>30/06/2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Freight and hire revenue</b>		
Freight	321,049	269,909
Hire	389,176	410,351
	<u>710,225</u>	<u>680,260</u>
<b>Voyage expenses and commissions</b>		
Bunkers	(104,658)	(45,901)
Port costs	(66,233)	(48,999)
Commissions	(5,176)	(6,011)
Other voyage costs	(3,383)	(2,983)
	<u>(179,450)</u>	<u>(103,894)</u>
<b>Time charter equivalent revenues</b>	<u>530,775</u>	<u>576,366</u>



## PAO Sovcomflot

Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2017 (Continued)  
(unaudited)

## 3. Segment Information

For management purposes, the Group is organised into business units (operating segments) based on the main types of activities and has five reportable operating segments. Management considers the global market as one geographical segment and does not therefore analyse geographical segment information on revenue from customers or non-current segment assets.

## Period ended 30 June 2017

	Offshore \$'000	Gas \$'000	Crude Oil \$'000	Oil Product \$'000	Other \$'000	Total \$'000
<b>Freight and hire revenue</b>	181,195	77,275	295,467	147,467	8,821	710,225
Voyage expenses and commissions	(288)	(873)	(113,120)	(62,267)	(2,902)	(179,450)
<b>Time charter equivalent revenues</b>	180,907	76,402	182,347	85,200	5,919	530,775
<b>Direct operating expenses</b>						
Vessels' running costs	(30,701)	(15,367)	(79,844)	(46,703)	(10,009)	(182,624)
Charter hire payments	(3,401)	-	-	-	(10,230)	(13,631)
<b>Net earnings from vessels' trading</b>	146,805	61,035	102,503	38,497	(14,320)	334,520
Vessels' depreciation	(52,563)	(16,285)	(56,082)	(27,910)	(1,759)	(154,599)
Vessels' drydock cost amortisation	(4,400)	(2,842)	(8,579)	(4,036)	(408)	(20,265)
Non-income based taxes	(2,992)	-	-	-	-	(2,992)
Net foreign exchange (losses) / gains	(543)	-	-	136	(1,407)	(1,814)
<b>Segment operating profit / (loss)</b>	<u>86,307</u>	<u>41,908</u>	<u>37,842</u>	<u>6,687</u>	<u>(17,894)</u>	<u>154,850</u>
<b>Unallocated</b>						
General and administrative expenses						(59,384)
Financing costs						(96,648)
Other income and expenses (net)						16,965
Net foreign exchange gains						2,379
<b>Profit before income taxes</b>						<u>18,162</u>
<b>Carrying amount of fleet in operation</b>	<u>1,875,117</u>	<u>1,257,225</u>	<u>2,094,990</u>	<u>1,055,952</u>	<u>79,191</u>	<u>6,362,475</u>
<b>Deadweight tonnage of fleet used in operations ('000)</b>	<u>1,333</u>	<u>552</u>	<u>7,653</u>	<u>2,449</u>	<u>156</u>	<u>12,143</u>

## Period ended 30 June 2016

	Offshore \$'000	Gas \$'000	Crude Oil \$'000	Oil Product \$'000	Other \$'000	Total \$'000
<b>Freight and hire revenue</b>	115,346	72,960	336,204	136,131	19,619	680,260
Voyage expenses and commissions	(238)	(394)	(70,052)	(30,454)	(2,756)	(103,894)
<b>Time charter equivalent revenues</b>	115,108	72,566	266,152	105,677	16,863	576,366
<b>Direct operating expenses</b>						
Vessels' running costs	(22,408)	(13,504)	(68,241)	(38,137)	(7,522)	(149,812)
Charter hire payments	-	-	-	(170)	(6,183)	(6,353)
<b>Net earnings from vessels' trading</b>	92,700	59,062	197,911	67,370	3,158	420,201
Vessels' depreciation	(29,603)	(14,189)	(58,962)	(24,166)	(1,289)	(128,209)
Vessels' drydock cost amortisation	(2,851)	(2,588)	(8,833)	(3,087)	(327)	(17,686)
Loss on sale of vessels	-	-	(159)	(281)	-	(440)
Non-income based taxes	(2,561)	-	-	-	-	(2,561)
Net foreign exchange gains	223	-	-	448	3,089	3,760
<b>Segment operating profit</b>	<u>57,908</u>	<u>42,285</u>	<u>129,957</u>	<u>40,284</u>	<u>4,631</u>	<u>275,065</u>
<b>Unallocated</b>						
General and administrative expenses						(53,946)
Financing costs						(85,980)
Other income and expenses (net)						20,868
Net foreign exchange gains						13,920
<b>Profit before income taxes</b>						<u>169,927</u>
<b>Carrying amount of fleet in operation</b>	<u>1,097,808</u>	<u>957,605</u>	<u>2,207,956</u>	<u>916,492</u>	<u>64,447</u>	<u>5,244,308</u>
<b>Deadweight tonnage of fleet used in operations ('000)</b>	<u>1,193</u>	<u>472</u>	<u>7,548</u>	<u>1,881</u>	<u>153</u>	<u>11,247</u>

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## 4. Income Taxes

	30/06/2017 \$'000	30/06/2016 \$'000
Russian Federation profit tax	7,227	2,528
Overseas income tax expense	709	481
Current income tax expense	7,936	3,009
Deferred tax	(4,961)	926
<b>Total income tax expense</b>	<b>2,975</b>	<b>3,935</b>

## 5. Fleet

	Vessels \$'000	Drydock \$'000	Total Fleet \$'000
<b>Cost</b>			
<b>At 1 January 2016</b>	7,071,178	164,932	7,236,110
Expenditure in period	623	1,038	1,661
<b>At 30 June 2016</b>	<b>7,071,801</b>	<b>165,970</b>	<b>7,237,771</b>
<b>At 1 January 2017</b>	7,898,931	177,658	8,076,589
Expenditure in period	34,739	12,058	46,797
Transfer from vessels under construction (Note 6)	585,399	7,500	592,899
Transfer from other fixed assets	2,257	-	2,257
Write-off of fully amortised drydock cost	-	(12,507)	(12,507)
Exchange adjustment	-	24	24
<b>At 30 June 2017</b>	<b>8,521,326</b>	<b>184,733</b>	<b>8,706,059</b>
<b>Depreciation, amortisation and impairment</b>			
<b>At 1 January 2016</b>	1,779,699	67,869	1,847,568
Charge for the period	128,209	17,686	145,895
<b>At 30 June 2016</b>	<b>1,907,908</b>	<b>85,555</b>	<b>1,993,463</b>
<b>At 1 January 2017</b>	2,090,796	90,428	2,181,224
Charge for the period	154,599	20,265	174,864
Write-off of fully amortised drydock cost	-	(12,507)	(12,507)
Exchange adjustment	-	3	3
<b>At 30 June 2017</b>	<b>2,245,395</b>	<b>98,189</b>	<b>2,343,584</b>
<b>Net book value</b>			
At 30 June 2017	6,275,931	86,544	6,362,475
At 31 December 2016	5,808,135	87,230	5,895,365
		<b>30/06/2017</b>	<b>31/12/2016</b>
Market value (\$'000)		4,870,500	4,491,000
Current insured values (\$'000)		6,571,558	6,492,276
Total deadweight tonnage (dwt)		12,136,737	12,049,977

As at 30 June 2017, management carried out an assessment of whether there is any indication that the fleet may have suffered an impairment loss and concluded that no impairment should be recognised in the period.

During the period ended 30 June 2017 the Group repurchased two vessels held under finance leases, see Note 18 (2016 – 2 vessels held under finance leases).

Expenditure in period includes an amount of \$13.9 million (2016 – \$8.5 million) of modifications relating to legislative requirements and other capital expenditure of which \$6.5 million (2016 – \$8.5 million) have not yet been completed/delivered as of the end of the reporting period. In addition, included in expenditure in period are \$15.9 million worth of seismic equipment installed on board one of the Group's chartered in seismic vessels. This equipment was acquired through a deferred consideration arrangement (Note 18).

## 6. Vessels Under Construction

	30/06/2017 \$'000	30/06/2016 \$'000
<b>At 1 January</b>	225,814	368,453
Expenditure in period	434,088	42,009
Transfer to fleet (Note 5)	(592,899)	-
<b>At 30 June</b>	<b>67,003</b>	<b>410,462</b>
Total deadweight tonnage (dwt)	460,000	215,000

The following vessels were delivered during the period:

<u>Vessel Name</u>	<u>Vessel Type</u>	<u>Segment</u>	<u>DWT</u>	<u>Delivery Date</u>
Gennadiy Nevelskoy <sup>1</sup>	Multifunctional ice breaking ("MIB") supply vessel	Offshore	3,259	2 March 2017
Christophe de Margerie	Ice breaking LNG carrier	Gas	80,182	27 March 2017
Stepan Makarov <sup>2</sup>	MIB standby vessel	Offshore	3,319	15 June 2017

<sup>1</sup> delivered to charter on 18 April 2017

<sup>2</sup> delivered to charter on 23 June 2017

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## 6. Vessels Under Construction (Continued)

On 3 February 2017, the Group entered into shipbuilding contracts with a shipyard to construct four Aframax crude oil tankers at a total contracted cost of \$240.0 million. Vessels under construction at 30 June 2017 comprised two MIB standby vessels and four Aframax crude oil tankers scheduled for delivery between September 2017 and February 2019 at a total contracted cost to the Group of \$469.3 million of which \$229.3 million related to contracts with related parties. As at 30 June 2017, \$74.7 million of the contracted costs had been paid for, of which \$50.7 million to related parties.

## 7. Investments in Joint Ventures

Investments in joint ventures are analysed as follows:

	30/06/2017 \$'000	30/06/2016 \$'000
<b>At 1 January</b>	114,761	98,306
Share of profits in joint ventures	3,404	10,499
Share of joint ventures' other comprehensive income	3,192	(2,509)
Dividends receivable	(184)	-
<b>At 30 June</b>	<u>121,173</u>	<u>106,296</u>

## 8. Derivative Financial Instruments

	30/06/2017 \$'000	31/12/2016 \$'000
Non-current asset	18,948	7,146
Current asset	521	373
Non-current liability	(20,741)	(21,624)
Current liability	(18,529)	(15,446)
	<u>(19,801)</u>	<u>(29,551)</u>

Hedging instruments

	30/06/2017 \$'000	30/06/2016 \$'000
<b>At 1 January</b>	29,551	47,014
Recycled during the period and credited to the income statement	(18,530)	(14,846)
Fair value movement during the period recognised in other comprehensive income	8,693	45,763
Fair value movement during the period debited / (credited) to the income statement	87	(55)
<b>At 30 June</b>	<u>19,801</u>	<u>77,876</u>

On 2 March 2017 and on 15 June 2017, the Group entered into two twelve year Euro-USD cross currency swap transactions with a Russian State controlled financial institution to hedge the Group's cash flow exposure arising from currency and interest rate fluctuations in respect of Euro equivalent of \$89.5 million and \$85.1 million loans respectively in connection with the financing of two of the Group's vessels.

## 9. Trade and Other Receivables

	30/06/2017 \$'000	31/12/2016 \$'000
<b>Non-current assets</b>		
<b>Financial assets</b>		
Other receivables	78	83
Receivables under High Court judgement award	2,700	2,700
	<u>2,778</u>	<u>2,783</u>
<b>Current assets</b>		
<b>Financial assets</b>		
Amounts due from charterers	79,620	75,279
Allowance for credit losses	(3,032)	(3,520)
	<u>76,588</u>	<u>71,759</u>
Casualty and other claims	2,665	6,945
Agents' balances	3,308	2,756
Other receivables	17,821	24,031
Liquidated damages on vessels under construction receivable from shipyard	24,420	11,800
Amounts due from joint ventures	552	473
Amounts due from lessee for finance leases	-	764
Accrued income	9,045	3,426
<b>Non-financial assets</b>		
Prepayments	14,784	20,302
Voyages in progress	19,814	25,295
Non-income based taxes receivable	8,034	5,471
	<u>177,031</u>	<u>173,022</u>

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## 10. Cash and Bank Deposits

	30/06/2017 \$'000	31/12/2016 \$'000
<b>Non-current assets</b>		
Bank deposits	9,000	10,000
Restricted deposits	(9,000)	(10,000)
Cash and cash equivalents	-	-
<b>Current assets</b>		
Cash and bank deposits	368,448	470,638
Bank deposits accessible on maturity	(3,000)	(15,000)
Retention accounts	(24,311)	(22,846)
Restricted deposits	(1,000)	-
Cash and cash equivalents	340,137	432,792

## 11. Non-Current Assets Held for Sale

	Property and other plant and equipment \$'000	Fleet \$'000	Total \$'000
<b>At 1 January 2016</b>	-	28,130	28,130
Disposals in period	-	(28,130)	(28,130)
<b>At 30 June 2016</b>	-	-	-
<b>At 1 January 2017</b>	8,360	-	8,360
Transfer from other property plant and equipment	6,720	-	6,720
Exchange adjustment	238	-	238
Disposals in period	(129)	-	(129)
<b>At 30 June 2017</b>	15,189	-	15,189

On 23 January 2017, the Group sold the international hall building of the port of Sochi, Russia, classified as non-current asset held for sale as at 31 December 2016 realising a gain on disposal of \$1.4 million.

During the period ended 30 June 2017, the Group classified as held for sale two office buildings, one in Limassol, Cyprus, and one in Sochi, Russia. The buildings were actively marketed for sale at a price approximate to their market values and consequently transferred to non-current assets held for sale as at 30 June 2017 (see also Note 19).

## 12. Dividends

Dividends of Rouble 3.12 per share totalling Roubles 6,141.0 million, equivalent to \$106.9 million were declared on 16 June 2017 and paid on 27 June 2017 (2016 – 3.04 Rouble per share totalling Roubles 5,972.7 million equivalent to \$92.9 million).

## 13. Trade and Other Payables

	30/06/2017 \$'000	31/12/2016 \$'000
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Liquidated damages for late delivery of vessels payable to charterer	15,395	1,119
<b>Non-financial liabilities</b>		
Employee benefit obligations	8,861	36,385
	24,256	37,504
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Trade payables	57,068	40,465
Other payables	35,253	39,653
Liquidated damages for late delivery of vessels payable to charterer	9,093	11,800
Dividends payable	9,412	15,986
Accrued liabilities	42,784	46,292
Accrued interest	17,329	17,299
<b>Non-financial liabilities</b>		
Deferred revenue	36,203	29,985
Employee benefit obligations	36,711	-
Non-income based taxes payable	17,865	13,304
	261,718	214,784

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## 14. Secured Bank Loans

The balances of the loans at the period end, net of direct issue costs, are summarised as follows:

	30/06/2017 \$'000	31/12/2016 \$'000
Repayable		
- within twelve months after the end of the reporting period	332,479	290,460
- between one to two years	310,493	309,162
- between two to three years	404,974	390,830
- between three to four years	376,202	227,658
- between four to five years	157,372	246,686
- more than five years	1,063,642	729,029
	<u>2,645,162</u>	<u>2,193,825</u>
Less current portion	(332,479)	(290,460)
Non-current balance	<u>2,312,683</u>	<u>1,903,365</u>
<b>15. Other Loans</b>		
	<b>30/06/2017 \$'000</b>	<b>31/12/2016 \$'000</b>
\$800 million 5.375% Senior Notes due in 2017	-	139,896
\$900 million 5.375% Senior Notes due in 2023	891,899	737,076
Other loan from related party (Note 18)	15,207	-
	<u>907,106</u>	<u>876,972</u>
Less current portion	(3,475)	(139,896)
Non-current balance	<u>903,631</u>	<u>737,076</u>

On 10 April 2017, the Group, through its subsidiary SCF Capital Designated Activity Company ("SCF Capital"), issued \$150.0 million of Senior Notes, at a price of \$102.768 per \$100.000 par value, redeemable at par value, maturing on 16 June 2023 which were consolidated and form single series with the \$750 million 5.375% Senior Notes due in 2023. The Notes are unsecured and guaranteed by Sovcomflot. Interest accrues at 5.375% from 16 June 2017 and is payable semi-annually in arrears on 16 June and 16 December of each year, commencing on 16 June 2017. There are no equity conversion rights or options attached to the Notes. The premium of \$4.2 million arising from the issue is capitalised and amortised over the period to maturity of the Notes.

On 15 May 2017 the Group redeemed the balance outstanding of \$139.955 million of the \$800 million 5.375% Senior Notes maturing in October 2017 at an applicable premium of \$16.79 per \$1,000 principal amount. The total redemption price, consisting of the principal amount of such Notes, the applicable premium, and the interest accrued, in aggregate equal to \$1,019.48 per \$1,000 principal amount of such Notes, resulting in a total payment of \$142.7 million. The premium of \$2.4 million paid on redemption, has been expensed in the income statement and is included in the line financing costs.

## 16. Financial Risk Management

## (a) Categories of financial assets and financial liabilities

	30/06/2017 \$'000	31/12/2016 \$'000
<b>Financial assets</b>		
Derivative financial instruments in designated hedge accounting relationships	19,469	7,519
Restricted cash (Note 17)	72,301	72,079
Cash and bank deposits	377,448	480,638
Available-for-sale investments	760	760
Loans and other receivables	137,177	124,737
Loans to joint ventures	50,730	50,324
<b>Total financial assets</b>	<u>657,885</u>	<u>736,057</u>
<b>Financial liabilities</b>		
Derivative financial instruments in designated hedge accounting relationships	39,270	37,070
Secured bank loans	2,645,162	2,193,825
Finance lease liabilities	-	173,690
Other loans	907,106	876,972
Other liabilities measured at amortised cost	186,334	172,614
<b>Total financial liabilities</b>	<u>3,777,872</u>	<u>3,454,171</u>

## (b) Fair value of financial assets and financial liabilities

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Value		Fair Value	
	30/06/2017 \$'000	31/12/2016 \$'000	30/06/2017 \$'000	31/12/2016 \$'000
<b>Financial assets</b>				
Loans to joint ventures	50,730	50,324	47,752	48,256
<b>Total financial assets</b>	<u>50,730</u>	<u>50,324</u>	<u>47,752</u>	<u>48,256</u>
<b>Financial liabilities</b>				
Secured bank loans at fixed interest rates	798,598	400,469	818,898	409,306
Secured bank loans at floating interest rates	1,846,564	1,793,356	1,840,619	1,794,306
Other loans	907,106	876,972	945,031	903,829
Finance lease liabilities	-	173,690	-	175,974
<b>Total financial liabilities</b>	<u>3,552,268</u>	<u>3,244,487</u>	<u>3,604,548</u>	<u>3,283,415</u>

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## 16. Financial Risk Management (Continued)

## (b) Fair value of financial assets and financial liabilities (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The following methods and assumptions were used to estimate the fair values:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices (other than quoted prices included within Level 1) from observable current market transactions and dealer quotes for similar instruments.

The fair values of derivative instruments, including interest rate swaps and currency swaps, are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest and foreign exchange rates.

Derivatives are valued using valuation techniques with market observable inputs; they are mainly interest rate swaps and two cross currency swap transactions. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. All interest rate swaps are fully cash collateralised, thereby mitigating both the counterparty and the Group's non-performance risk.

Fair value measurements of financial instruments recognised in the statement of financial position

The following table provides an analysis of financial instruments as at 30 June 2017 and 31 December 2016 that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value valuation inputs are observable.

Recurring fair value measurements recognised in the statement of financial position

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 30 June 2017</b>				
<b>Assets</b>				
Derivative financial instruments in designated hedge accounting relationships	-	19,469	-	19,469
<b>Liabilities</b>				
Derivative financial instruments in designated hedge accounting relationships	-	39,270	-	39,270
<b>At 31 December 2016</b>				
<b>Assets</b>				
Derivative financial instruments in designated hedge accounting relationships	-	7,519	-	7,519
<b>Liabilities</b>				
Derivative financial instruments in designated hedge accounting relationships	-	37,070	-	37,070

There were no transfers between Level 1 and 2 during the periods ended 30 June 2017 and 31 December 2016.

Non-recurring fair value measurements recognised in the statement of financial position

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 30 June 2017</b>				
<b>Assets</b>				
Fleet	-	-	-	-
<b>At 31 December 2016</b>				
<b>Assets</b>				
Fleet	-	52,470	-	52,470

Assets and liabilities not measured at fair values for which fair values are disclosed

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 30 June 2017</b>				
<b>Fair value of assets</b>				
Loans to joint ventures	-	47,752	-	47,752
<b>Fair value of liabilities</b>				
Secured bank loans at fixed interest rates	-	818,898	-	818,898
Secured bank loans at floating interest rates	-	1,840,619	-	1,840,619
Other loans	929,250	15,781	-	945,031
	929,250	2,675,298	-	3,604,548

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Notes to the Condensed Consolidated Interim Financial Statements – 30 June 2017 (Continued)  
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## 16. Financial Risk Management (Continued)

(b) Fair value of financial assets and financial liabilities (continued)

Assets and liabilities not measured at fair values for which fair values are disclosed (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 31 December 2016</b>				
<b>Fair value of assets</b>				
Loans to joint ventures	-	48,256	-	48,256
	-	48,256	-	48,256
<b>Fair value of liabilities</b>				
Secured bank loans at fixed interest rates	-	409,306	-	409,306
Secured bank loans at floating interest rates	-	1,794,306	-	1,794,306
Other loans	903,829	-	-	903,829
Finance lease liabilities	-	175,974	-	175,974
	903,829	2,379,586	-	3,283,415

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 17. Contingent Assets and Liabilities

In 2015 and 2016 the Russian tax authorities challenged application of 0% value added tax ("VAT") rate charged by the Group's Russian subsidiaries on hire revenues earned from vessels time-chartered out and employed on international trade, requiring the subsidiaries to apply 18% VAT rate on hire revenue. Following clarification on the issue received from the Federal Russian tax authorities that the application of 0% VAT rate is appropriate, all enquiries have been stopped and the remaining balance of approximately RUR149 million (equivalent to \$2.5 million), currently included in trade and other receivables, has been received in July 2017.

In 2015, the Russian customs alleged that one of the Group's Russian subsidiaries had breached the customs' regulations in respect of two of its vessels on the basis that it had not obtained the permission of customs prior to chartering out the vessels on time charter. Russian customs had requested the Group to pay RUR314 million of custom fees (equivalent to \$5.3 million) of which RUR284 million (equivalent to \$4.8 million) of the RUR314 million paid, are included in other receivables under trade and other receivables. In October 2016 the courts have decided that customs illegally imposed the custom fee of RUR221 million (equivalent to \$3.7 million) for the first vessel; such decision was confirmed by an appeal court in February 2017. Customs have submitted a further appeal and in June 2017 the higher appeal court overturned the previous decisions of the courts and confirmed correctness of the customs office claim. The case has been submitted by the Group to the Supreme Court in August 2017. Courts have postponed the decision on the balance of the custom fee of RUR93 million (equivalent \$1.6 million) relating to the second vessel pending outcome of the first case but it is likely that the court proceedings will recommence in the third quarter of 2017. The Group will continue defending its position in courts in Russia. The final judgment of the Russian courts for both cases and return of the RUR314 million paid is expected by the end of 2017.

In relation to the Novoship (UK) Ltd claims which received judgment in December 2012, some of the defendants in the unsuccessful claims have indicated an intention to pursue the Group for damages in respect of \$90.0 million of security provided during the litigation. No claim has yet been filed for damages.

In relation to the Fiona Litigation, on 24 November 2016, the Court of Appeal granted the Group permission to appeal on certain limited grounds concerned primarily with the failure of the defendants to seek permission to use the funds, put up by way of security pursuant to the 2005 freezing orders, to fund their intended newbuilding programme. The Court of Appeal also ordered a stay pending the outcome of the appeal conditional on the Group paying the judgment sum of \$70.8 million (comprising damages of \$59.8 million and interest on damages from December 2010 to 27 October 2016 of \$11.0 million) and the payment on account of £1.0 million (equivalent to \$1.2 million), of 50% of the defendants' costs of £3.0 million (assessed on a standard basis) in relation to this claim, into Court. Those sums have been paid into Court in December 2016 and the hearing of the Group's appeal is fixed for one day; either 4 or 5 October 2017. The Group has been advised by its legal counsel that it is only possible, but not probable, that the defendants will succeed. The Group will defend its position vigorously. Accordingly, no provision has been made.

A total amount of \$1.7 million (30 June 2016 – \$3.7 million), relating to legal costs and provisions for the costs of certain of the defendants in the unsuccessful claims, has been expensed in the income statement and is included in the line other non-operating expenses.

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**18. Related Party Transactions**

The following table provides the total amount of transactions that have been entered into with related parties in the financial reporting period and outstanding balances as at the period end.

	Income Statement (income) / expense		Statement of Financial Position asset / (liability)	
	30/06/2017 \$'000	30/06/2016 \$'000	30/06/2017 \$'000	31/12/2016 \$'000
<b><u>Transactions with Russian State controlled entities</u></b>				
Freight and hire of vessels	(142,607)	(86,898)	1,911	7,617
Other operating revenues	(1,152)	-	4,951	(2,379)
Other loans	128	-	(15,335)	-
Secured bank loans	18,172	-	(747,742)	(336,242)
Finance leases payable	4,304	5,982	-	(173,690)
Receivables from shipyard (liquidated damages for late delivery of vessels)	-	-	24,420	11,800
Payables to charterer (liquidated damages for late delivery of vessels)	-	-	(24,488)	(12,919)
Payments to related shipyards for vessels under construction	-	-	50,740	104,000
Cash at bank	(4,894)	(4,250)	118,373	205,896
Finance leases receivable	-	(6,021)	-	764
Allowance for credit losses on finance lease receivables	-	(133)	-	-
<b><u>Transactions with Joint Ventures</u></b>				
Freight and hire of vessel	-	(4,510)	-	-
Other operating revenues	(1,628)	(1,621)	552	473
Loans due from joint ventures	(616)	(581)	50,836	50,324
<b><u>Compensation of Key Management Personnel</u></b>				
Short term benefits	4,663	5,040	(2,356)	(3,599)
Post-employment benefits	37	35	(18)	(10)
Long term service benefits	4,836	5,743	(23,051)	(18,203)
	9,536	10,818	(25,425)	(21,812)

The below are material transactions entered into during the financial reporting period which are not mentioned in any of the preceding notes.

On 24 March 2017 and on 4 May 2017, the Group fully drew down from a loan facility granted by a Russian State controlled financial institution, a total amount of \$253.7 million to finance the construction and delivery of the ice breaking LNG carrier referred to in Note 6.

On 12 April 2017, the Group exercised its right under bareboat charter agreements to repurchase the two vessels sold and leased back in 2010 from a related party, classified as fleet as of 31 December 2016 (see Note 5), at a total price of \$173.4 million. The Group had the obligation to repurchase the two vessels on expiration of the bareboat charter agreements in September and November 2017. Legal ownership was transferred to the Group on 15 May 2017 and 22 May 2017. The acquisition was financed by credit facility with a Russian State controlled financial institution, drawn down on the date of transfer of ownership, at an interest rate of 5.7% per annum repayable in 38 quarterly equal instalments, with a balloon payment of 36.0% of the amount drawn down under the facility in March 2027. Under the facility the Group has the option to extend maturity for a further 5 years at an interest rate to be agreed should the option be exercised.

On 19 April 2017, the Group, entered into an agreement to purchase seismic equipment ("Purchase Agreement") for a total consideration of €14.8 million equivalent to \$15.9 million. A payment equal to 10% of the consideration was made on 16 May 2017 and the remaining 90% of the consideration ("deferred consideration") will be paid in nine equal semi-annual instalments commencing on 15 December 2017 with final payment on 15 December 2021. The deferred consideration carries interest at six month EURIBOR plus 4% margin per annum (Note 15). On the same date a consent and assignment agreement was signed between the Group, the seller of the equipment and a subsidiary of a Russian State controlled financial institution (the "Bank") to assign all present and future rights, title and interest in and to the Purchase Agreement to the Bank. The equipment and title over the equipment was delivered to the Group on 12 May 2017.

**19. Events After the Reporting Period**

On 6 July 2017, the Group entered into an agreement for the sale of an office building in Sochi, Russia at a price of Roubles 300.0 million (equivalent to \$5.0 million), including VAT, realising a gain on disposal equivalent to \$4.1 million. Legal title was transferred to the new owner on 26 July 2017.

On 21 July 2017, the Group signed an agreement for the construction of an Arctic shuttle tanker at a total contracted cost of \$116.4 million. The shuttle tanker is backed with a time charter agreement with a Russian state controlled entity for a 12 years firm period with various extension option attached in favour of the charterer. The aggregate hire receivable over the firm period of the charter is \$273.3 million. The shuttle tanker is scheduled for delivery in October 2019.

**20. Date of Issue**

These condensed consolidated interim financial statements were approved by the Executive Board and authorised for issue on 29 August 2017.